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NATIONAL REVIEW

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In his Farewell Message, Dwight Eisenhower commended to all of us one of the virtues, patience, that he possesses to the brim, and perhaps to overflowing. And we intend to be as mild and patient with President Kennedy as our adrenal glands will allow. We are not going to grit our teeth every time he appoints Walt Rostow, Adlai Stevenson, George Kennan and the junior Schlesinger to a new post. Mr. Kennedy won the match, and we knew in advance just about who his appointees would be, if he won. The small surprises so far have been moderately up, not down: Douglas Dillon, Robert McNamara, Paul Nitze, even Dean Rusk are names a good deal easier to digest than some others that had been rumored for their offices. There's no great hurry. Mr. Kennedy's lease runs for a four year minimum, and there will be plenty of time to cavil.

And we won't quibble too much about the Inaugural Address. It was short, as befitted the inclement weather. We have never been fond of those rather banal antitheses that ghostwriters go in for ("Let us never negotiate out of fear. But let us never fear to negotiate. . . . Ask not what America will do for you, but what together we can do for the freedom of man."), but most of the language is forthright, and the delivery was virile. No one expects an Inaugural Address to say anything much specific, so it was an unexpected pleasure to hear a plain reaffirmation of a great Doctrine of our national credo that is at the moment anything but abstract: "Let all our neighbors know that we shall join with them to oppose aggression or subversion anywhere in the Americas. And let every other power know that this hemisphere intends to remain the master of its own house." There was an omission, too, very conspicuous against the background of the late campaign's oratory, that struck our fancy: not a word about welfarism and handout—though such words will doubtless follow, in surfeiting abundance, soon enough. Still, they were not on the standard first raised aloft to his countrymen and the world by the new captain.

And the President spoke indeed like a man in one key paragraph toward the end: "In the long history of the world, only a few generations have been granted the role of defending freedom in its hour of maximum danger. I do not shrink from this responsibility—I welcome it. I do not believe that any of us would exchange places with any other people or any other generation." Let us not scorn such words, but hold the speaker to them.

We would be, all in all, at relative ease with the Inaugural, were it not for one upsetting fact: that everybody, just about everybody in the world, seems to have liked it. Khrushchev thought it was dandy; Senators Dirksen, Goldwater, Javits and Humphrey *all* loved it; Macmillan *and* de Gaulle *and* Tito applauded; Castro and Nehru and Chiang were encouraged, so too the *Chicago Tribune* and the *Washington Post.*

How can such unanimity be? Inaugural Addresses are seen through the glass of hope, not judgment.

The WEEK

● The New York State legislature is considering a bill to control the use of hypnosis by doctors. And governors?

● A new survey has confirmed that at least one-third of our industrial plant is obsolete. Replacement would be stimulated by realistic depreciation allowances, as the examples of postwar Germany, Japan, France and Italy prove. But Professor Walter Heller, new chairman of the Council of Economic Advisers, says this would be tampering with the free-market pricing system (of all things, from Prof. Heller), would discriminate against industries with "large investments in human resources" (instead of machines), and might not promote the "proper" type of growth. His recipe: tax cuts for consumers. A pleasing remedy, we, as a tax-burdened consumer, readily agree. But unaccompanied by the kind of fiscal relief to industry that would permit cost-reducing modernization, Prof. Heller's proper type of growth would turn out to be further growth in costs and prices, in government deficits, in the outflow of our gold, and in the rate at which our economy weakens in the face of its world competition.

● We've had a soft spot for pirates ever since those delicious childhood days curled up with that splendid *Book of Pirates* in which we followed the adventures of

Henry Morgan and Captain Kidd roaring along the Spanish Main. So we would like to be able to cheer Pirate Galvao's seizure of the *Santa Maria* as heartily as we can't help admiring his audacity. But, alas, ours is a political, not a romantic age. And it looks at the moment—we write while the good ship is still at large—as if we're witnessing only a polwar operation that fits neatly into our enemy's campaign, stepping up over the past few months, to smash our good ally, Portugal. Soon the cry to destroy Salazar and liberate Angola, presaged three weeks ago in *Time*, and magnified by this spectacular *Santa Maria* show, will sound loud in the land.

● The United Arab Republic, followed by Morocco and Indonesia and doubtless soon by Guinea and Ghana, has announced that its troops will be withdrawn from the UN force in the Congo within the next few weeks. Although not included in the announcement, the units will probably be shifted to Stanleyville, where they will support Lumumba's sidekick, Antoine Gizenga. Meanwhile, Dag Hammarskjold demands that Lumumba be released from the Elizabethville jail and allowed to operate freely. What was that about the smashing defeat that Khrushchev suffered in the UN Assembly last autumn?

Tarantel Press

● A new Communist organization, the "Spanish Army of Liberation," has reportedly been formed in Cuba to work for overthrow of Generalissimo Franco in Spain and Premier Salazar in Portugal. Its directing board consists of Castro officials and Spanish exiles. In the works are a national strike in Spain in the spring; a Communist school in Havana under the leadership of Carlos Rodriguez, editor of the Communist newspaper *Hoy*; and a recruitment program in Spain and Portugal to sign up young people for training.

● President Kennedy ordered an increase in surplus food allotments to needy families. Secretary of Agriculture Freeman, after a look-see at the $9 billion worth of foodstuffs now reposing in government warehouses, decided it was pretty dull fare. So he's going out to buy supplementary supplies of pork and beans and dried eggs and such. Thus, by the miracle of the new economics, does a program designed to get rid of stored surpluses in an ostensibly useful way end up increasing them. Because sure as we're alive, someone in the government is going to buy too much pork . . . and beans . . . and eggs.

● Mr. C. L. Sulzberger, writing in the *New York Times* (Jan. 25), indulges his humor by referring to the troubles of the world as fights between tribesmen. "Baluba tribesmen fighting Batetela tribesmen," he says, and "Walloon tribesmen [fighting] Flemish tribesmen in Belgium itself," "quarreling Somali and Danakil tribesmen," "Italian tribesmen [arguing with] Austrian tribesmen in . . . South Tyrol," "Boer tribesmen bickering with English-speaking tribesmen and both combining against Indo-Pakistani tribesmen." But in the United States, in Georgia, we have "white tribesmen, headed by the Ku Klux witch doctors, [practicing] their arts against fellow citizens [*repeat*: fellow citizens]." Tut, tut, Mr. Sulzberger. Don't you have the courage of your metaphors?

● At a Baltimore shipyard this week Mrs. Lyndon B. Johnson, with her husband at her side, cracked a jug of champagne on the bow of the S. S. *Solon Turman*, but the ornery boat stuck on the ways and wouldn't launch. Well, in many ways 1960 wasn't a vintage year.

● *Still at the Same Old Stand Dept.: The Worker* reports that Dr. Edward U. Condon, Chairman of Washington University's Physics Department, told an audience in Evanston, Ill., that the U.S. should resume diplomatic relations with Cuba and get Communist China admitted to the UN. Does anyone remember what the HUAC was called a number of years ago when, after a lengthy investigation of Dr. Condon's doings while he was head of the Bureau of Standards, it concluded that he was "one of the weakest links in our atomic security"?

● Two New York reporters, DeWitt Copp and Marshall Peck, have reopened the Povl Bang-Jensen case with publication of their book, *Betrayal at the UN* (Devin-Adair, $4.75). The authors investigated the death—termed by police "a perfect suicide"—of the United Nations diplomat who refused to give his superiors a list of witnesses to the Hungarian revolt, because he had taken their testimony in confidence and feared the names would fall into Russian hands. Although denied official access to Bang-Jensen's autopsy report, the authors did see it, and question whether the case is as closed as police hastily concluded.

George Sokolsky, *Eugene Lyons* and *Henry Hazlitt* will be the panelists at the third NATIONAL REVIEW FORUM, to be held at 8:30 p.m. Thursday evening, February 2, in the Hunter College Playhouse, Park Avenue and 68th St., New York City. Their topic: "Kennedy's First Two Weeks." Admission $1.00; students 50¢.

The report finds no powder burns on the wound; gives no estimated time of death; reveals that the body had been moved *before* police arrived; says that "no visible decomposition had started" when the body was found, although Bang-Jensen had been missing three days. The Senate Internal Security Subcommittee is expected to release testimony adding to these suspicions that Bang-Jensen may have died by the hand of a political assassin, not his own.

● And did you hear what Kasavubu said to Mobutu? "Isn't 'Jack Kennedy' a funny name?"

Strategy of Paralysis

Each time it happens, everyone says: "Things have gone too far! Something will have to be done!" Then the community somehow slides through, and everyone is too busy or too cowardly or too lazy to do anything really. And then it happens again, and everyone says . . .

Six hundred and sixty-four workers on the railroad tugs in New York harbor struck. The chief issue? To block a proposed study (no more) of crew size—*i.e.*, of featherbedding. They threw picket lines around railroad properties as far west as Cleveland. The railroad unions "honored" the picketing, and in the fiercest winter of decades shut down all lines serving the area, except the Pennsylvania. Hundreds of thousands of persons, thousands of businesses were made to suffer; health and protective services endangered; tens of millions of dollars lost.

In finding that the law did not permit him to issue an injunction prohibiting New York City sailors from picketing property *in Buffalo*, Judge Hamilton Ward mildly termed the tieup "a nightmarish situation," and declared from the bench:

"Labor-management laws have reached a sorry state in this land when a handful of union members could bring economic paralysis to the greatest city in the world."

In this instance the legal vacuum is plain: no statute prohibits unions not directly involved in a strike from refusing to cross a picket line, even though they break their own contract by doing so and have themselves no dispute at issue with their employers. This fantastic license means that a tiny union, often corrupt or subversive, can paralyze an entire industry, city or the whole nation over a trivial—even if legitimate—demand. That is just what has happened in the nation's largest city every four or five months for years.

Nelson Rockefeller some months ago, referring to such abuses, mentioned something about "compulsory arbitration," and then dropped it. Unless the law—and the attitude of public, police and courts—is altered to protect the nation against such banditry, we have a notion that we shall hear more about compulsory arbitration in days to come, distasteful as that idea is to both conservatives and Liberals.

PEOPLE: **Chester Bowles** didn't slide in scot free. In voice vote on nomination, Republican Senators **Cotton, Curtis, Goldwater** and **Schoeppel** were observed to register dissents. . . . Chairman **Francis Walter** reacted sharply to planted reports that House Committee on Un-American Activities had information concerning Communist-involvement of **Kennedy's** nominee as federal housing chief, **Robert C. Weaver.** No truth in the story, Walter announced, taking steam out of another not-so-subtle anti-HUAC propaganda gambit. . . . Rep. **Steven Derounian** (R., N.Y.) has introduced a bill to give the Secretary of State right to deny passports to Communists. . . . This year's attack on McCarren-Walter Act, and other measures restricting immigration, will be spearheaded by Republican Senators **Case, Javits, Keating, Saltonstall** and **Scott.** . . . That talk about Javits as GOP nominee for mayor of New York is a rickety trial balloon. **Nelson Rockefeller,** who would like to see a political ally in that key spot, is testing out party reaction.

Krishna Menon's recent blast at Communist China ("Peiping is casting doubt on the whole idea of peaceful coexistence") does not mean radical change of heart. Menon was provoked because Red China is negotiating border deal with Pakistan on frontier area which India claims. . . . Several important Belgian Communists have turned up in Stanleyville, in entourage of pro-Communist **Lumumba** supporter, **Antoine Gizenga.** . . . New anti-Communist drive reported in Egypt with arrest of **Abouseif Youssef,** first secretary of Egyptian C. P., and several followers. . . . Venezuela's President **Betancourt,** who suspended freedom of speech, assembly and freedom from arbitrary arrest last week, somewhat confused about who's who in the enemy camp. The measures were necessary, he says, because scoundrels in **Trujillo's** Dominican Republic were plotting to set up **Castro**-like regime in Venezuela.

George Meany angry over make-up of new Administration. He feels many of his candidates passed over in favor of **Walter Reuther** favorites. . . . Democratic politicos pleased over appointment of **John Bailey,** of Connecticut, as Democratic National Committee chairman. He's the first pro to get the job, they say, since **Jim Farley.** . . . Sen. **Herman Talmadge** drafting legislation a) to have government provide direct subsidies to farmers and b) to increase the number of crops in the price-support program.

Right after the Inauguration (the latest Washington story goes) President Kennedy put in a call to the **Pope** in Vatican City. "Hello Jack," he said, "this is John."

We might also ask ourselves: What is the strategic significance of the power to paralyze our great ports and industrial centers when that power gets into the hands of our enemy through the control—*which he already possesses*—of various of our unions?

The Heat is On

Item: Dean Rusk, under questioning by Foreign Relations Committee, sees no prospect "at the present time" that "normal relations can be considered or established with the authorities in Peiping."

Item: Robert Moses, chairman of New York's 1964 World Fair, reports he will confer with the new President and the State Department on whether Peiping should be invited to join.

Item: January 1961 conference of 130 big wheel industrialists, academics and foundation operators at Arden House judges U.S. recognition of Communist China and Peiping's UN membership "desirable."

Item: Averill Harriman, President Kennedy's ambassador to the world-at-large, declares that "sooner or later the majority of the UN members are going to vote to admit Red China."

Item: Chester Bowles, in *Foreign Affairs* and BBC telecast, spring 1960, advocates recognition of Communist China under "two Chinas" formula, is subsequently named Under Secretary of State in new Administration.

Item: Adlai Stevenson, ambassador to the UN "with Cabinet rank," under questioning by Foreign Relations Committee, predicts that Communist China's admission to UN may be "impossible to prevent."

. . . And, oh yes, the *Worker*, issue of Jan. 22, 1961, finds it time that "Washington pulled its head out of the sand" on the question of "the People's Republic of China," predicts UN admission this year, advises the new President that he "can wipe the slate clean of the mess Truman and Eisenhower got us into, by putting recognition of People's China high up on the agenda," and calls on "every American desirous of promoting the interests of his country" to "help Kennedy make up his mind."

The New Morgan Thaw

Noting the report that the U.S. Treasury lost another $102 million worth of gold in the week ending January 19, we mused as follows:

Until six months ago American funds transferred into France were deposited in the *Banque de France*, and thereby became claims on American gold. Then the Paris branch of Morgan Guaranty Trust Company started offering a somewhat better deal, and diverted the flow to its own coffers. Next (last November), Mr. Henry Alexander, chairman of Morgan Guaranty, suggested in a much publicized speech, 1) that American citizens should be for-

• At Home •

Washington

The Kennedy Administration moved into office on the heels of a heavy snow and the worst traffic jam in Washington's history. Frankie Sinatra's "Gala" proved to be a dud—badly attended, expensive, and ostentatious. The Democratic National Committee, which had expected Mr. Sinatra to wipe out its $2 million campaign deficit with his New Frontier Hellzapoppin, found itself the victim of another blizzard—the bills he had run up—and wondering whether he had, in fact, not added to the party's financial troubles. Washingtonians, harried by the weather and the influx of visitors, muttered angrily at the Texan big spenders who thought it was the height of humor to offer cash (literally) for everything that caught their attention.

The snow will eventually melt—and most of the Texans will go home. But there are other omens in the first days of the Kennedy regime of far more disturbing aspect. The Senate saw Republican resistance collapse utterly in a show of false heartiness and jelly-fish backbone. Two weeks ago, most Republican senators were publicly and privately vowing to give President Kennedy's appointees the opportunity for a thoroughgoing exposition of their views. Instead, it was all sweetness and light.

Senator Barry Goldwater and other conservative Republicans, critical of what they considered Richard Nixon's me-tooism during the campaign, had little more than plaudits for the Administration team—and Mr. Goldwater proposed unanimous approval of Arthur Goldberg, who will move from the AFL-CIO to become Secretary of Labor. GOP members of the Judiciary Committee reacted not at all to Attorney General Robert Kennedy's shivery little statement that he would run the Justice Department as "nonpolitically" as he had managed the Senate Labor Rackets Committee. Those who remembered how Bobby had cut Republican throats, sabotaged the investigation of Walter Reuther and the United Auto Workers, and generally used his office to further partisan ends, wondered at Minority Leader Everett Dirksen's protestations of his admiration for the man who will have in his hands the investigative and punitive powers of the government.

There have been other disturbing manifestations. The Senate Internal Security Subcommittee has struck real pay dirt in its probe of State Department and private efforts in behalf of Communist dictator Fidel Castro of Cuba. But quietly, from high up in the new Administration, the word has been passed down to put away the picks and shovels—in other words, to drop the project or keep it safely hidden behind the closed doors of unpublicized executive sessions. Chairman James O. East-

land, with an eye to future patronage, has readily acquiesced as he did some years back when there was pressure on him to desist from any full investigation of the curious political associations of Jacob Javits, now the senior senator from New York.

Perhaps one should not be too hard on the Republican opposition or the Southern minority. The prevalent emotion in Washington now is fear—fear of reprisal from the Kennedy Administration. For it is generally believed that the Kennedy Administration—working through the White House, the Justice Department, and "Papa Joe" Kennedy's financial connections—will move ruthlessly against anyone who attempts to frustrate the new President in any way. Vice President Lyndon Johnson, who has begun to express some serious doubts over Kennedy policy, has been delicately warned by a series of attacks in Drew Pearson's column.

Whether there will be an equal failure of nerve when the Kennedy Administration begins to implement plans which will bring Red China into the United Nations, and eventually grant U.S. recognition, is Topic A among Washington political analysts. That such plans exist has been only half-heartedly denied by the men Mr. Kennedy has placed in the top echelon of the State Department. The strategy, as outlined some years ago by Owen Lattimore, is to ease the American people into an acceptance of these suicidal plans by making them seem "inevitable" —a word much beloved of Adlai Stevenson. Only the Senate of the United States stands between surrender to Chinese Communist blackmail and the Executive branch. And by the nature of things, the leading opponents must be Republicans.

In any showdown, however, it can be expected that GOP Senators Javits, Case and Aiken will side with the Administration. When the battle is joined, only three Republicans can offer the strong resistance required: Governor Nelson Rockefeller of New York, Senator Goldwater, or Mr. Nixon as titular head of the GOP. Mr. Rockefeller will duck because his strategy requires him not to be embroiled. Mr. Goldwater may be ready to fight on this issue, but his tactics in the past weeks suggests he may not judge the time propitious. And Mr. Nixon has been dealt out of the game by both House Minority Leader Charles Halleck—who dreams of the Presidency—and Senator Dirksen, who grows indecisive in inverse ratio to the passion of his rhetoric.

If conservatives can derive any satisfaction from the gyrations of the new Administration, it is in the field of civil rights. Having outpaced the NAACP during the campaign, President Kennedy has now given orders to his legislative lieutenants to forget all his promises to Negro voters and to focus all efforts on his "welfare" program.

QUINCY

bidden to hold gold overseas, and 2) that the statutory gold reserve requirement for our domestic currency should be abolished.

Ten days before leaving office, President Eisenhower proclaimed that American citizens, already long prohibited from owning monetary gold at home, may no longer buy it abroad either, and must sell by June 1 any that they have bought in the past. We wonder: Was Mr. Alexander doing a little favor for the government in sending up his November trial balloon? And will the next step be to abolish the gold reserve requirement? And then to restrict or prohibit sales of U.S. gold to foreign central banks—*i.e.*, to devalue? Some foreign observers, taking the Eisenhower order as a sign of weakness, are gambling on it.

About sixty years ago the first Mr. Morgan helped to finance the government—with paper. *Sic transit gloria Morgani.*

BRIEFS: Hard anti-Communists in Southeast Asia dismayed by open British, French criticism of U.S. policy in Laos. They fear lack of united front may mean end of SEATO. . . . Heavy trading in gold in Japan, Hong Kong, Macao in recent weeks has driven price up much above the London level. . . . In some East European satellites, the new Soviet ruble (officially pegged at $1.11) selling for between 25 and 30 cents on black market. . . . **Crisis barometer: In 1959, the Security Council met five times; in 1960, 71 times.**

Navy investigating possibility of installing a plant to desalt seawater at Guantanamo Naval Base in Cuba. . . . The rush of Cuban refugees to enlist in guerrilla-training units accelerated in fortnight following U.S. withdrawal of diplomatic recognition. . . . **The *Miami Herald* now prints a news summary in Spanish for convenience of estimated 40,000 Cubans in the area.** . . . Uruguay inviting a number of Belgian technicians and engineers who were forced out of Congo.

The FCC has tentatively approved a major three-year test of pay TV in Hartford, Conn. As outlined, the pay TV station will lease special unscrambling devices to attach to TV receiver. . . . Governor Rockefeller's 15% tax on cigars and tobacco—rammed through a year ago —to be repealed. The measure backfired, brought in very little additional revenue, led to widespread bootlegging. . . . **Only foreign car to continue to sell well in final quarter of '60 was Volkswagen, with 40% of total foreign car sales.**

Federal cost of living index from now on will include —cost of tranquilizers.

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• Trends •

Inauguration week-end in Washington. If this is how things are going to be on that New Frontier, we'd better all of us join in President Kennedy's physical fitness program and pronto.

Thursday—a city father's nightmare. Thousands upon thousands of visitors converging on the town, many of them important cogs in the Democratic machine that carried Mr. Kennedy to power. And moving in with them, the worst snowstorm of the winter. The airport was socked in by mid-afternoon. Train service was slow and jammed. Pennsylvania's crack "Congressional" from New York—its parlor cars packed with would-be-guests for Frank Sinatra's Gala—sidetracked with engine trouble somewhere on the outskirts of Princeton. By early evening, every alley, street, road, avenue and highway in and around the city was blocked by cars—ten-thousand stalled and abandoned cars was the unofficial estimate. Not among them, the dashing driver of a small French Dauphine who took to the sidewalks whenever necessary to bypass traffic.

The storm was no respector of rank. It forced former President Herbert Hoover to fly back to Miami, whence he had come. Adlai Stevenson made it finally—but only by thumbing a ride across Memorial Bridge. ("I've been all over the world," said Stevenson, "but today's trip from New York to Washington was the hardest I ever made.") And it quite ruined that Hollywood extravaganza that Frank Sinatra, Peter Lawford *et* fellow rodents had planned to help pull the Democratic Party out of the hole. By 9:00 p.m., when the Gala's curtain was scheduled to go up, only a handful of cats were in the 10,000 seat auditorium. One little cluster of pussies, in minks and sables, was poured from a milk truck. At 10:30, the show got underway, but by this time the sparse audience, cold, bedraggled, worried about how it would get home, was out of sympathy and liquor. The skit for the "intellectuals"—"Club Sandwich in Four Parts"—by Frederic March, Sir Laurence Olivier, Anthony Quinn and Sidney Poitier—was not, as *Variety* might put it, a Show Biz Whiz.

Friday—bright and clear, but tooth-chatteringly cold. Georgetown, with its rich-colored old brick houses, was a sight to behold in the still-pristine snow. The excitement started early on "N" street as the President-elect strolled across the way to present to a long-time neighbor, Miss Helen Montgomery, a plaque from grateful members of the press who had made her home their headquarters during the long post-election Georgetown vigils. A few minutes later, the bubble-domed limousine drew up, followed by two open touring cars. Standing by the open second story window of the house next door, some of us speculated whether a well-placed snowball could displace the Presidential topper when Mr. Kennedy got ready to leave. (Range was easy, wind drift unpredictable.) Speculated, that is, until we glanced down and saw one of the secret service men unlock a compartment behind the driver's seat, remove a submachine gun and stash it on the floorboards.

A small crowd, mostly Georgetowners, began to gather behind the police ropes across the street. The talk: all about the difficulties in getting home the night before, with a refrain, "I could have walked it in 20 minutes." . . . Laughter: over the engraved, gold-embossed invitation to the Inaugural festivities they had received from the President and Vice President-elect which, upon closer examination, entitled them only to be in town over the week-end . . .; at the latest D.C. joke: "Know how to get to Washington? Go to Harvard and turn left."

The opening door, photographers pressing forward, and the first glimpse of Mrs. Kennedy, long-legged and trim in a beautifully-tailored fawn coat. By wearing a cloth coat, the First Lady-to-be had scored a telling point in stylemanship (if not, given the wind, in sensemanship) over the other notables who would be wearing their furs.

Just before noon, the President and Mr. Kennedy walked into the White House together. The President and Mr. Eisenhower emerged a few minutes later. Noon, of January 20th, Inauguration Day, the exact moment of the changing of the guard. At that instant, thousands in the capital became jobless; Presidential assistants, White House staff members, Assistant Secretaries and their aides in all the departments—all, like former President Eisenhower, had received their last check covering the first nineteen-and-a-half days of January. Some are camping in their homes, bags packed, waiting for the moving vans. Others—with children in school—plan to sit it out for the rest of the year. Many, who like the pace, the combination small-town, world-capital ambiance of the District, have been looking for jobs in law firms and brokerage offices around town. It's a time of sadness, but surprisingly little bitterness—unlike '52. The comments are sardonic, but not nasty. "Just wait until the New Frontier runs into my secretary," followed by an anecdote. When all is said and done, the New Frontiersman is, in most cases, indistinguishable in outward traits from the lame duck whose desk he is taking.

The interminable, freezing, bone-chilling Inaugural Parade and the miracle of Pennsylvania Avenue which in ten hours' time has been cleared of stalled cars and snow. Over 500 dump trucks, several thousand soldiers from Fort Belvoir and every available man in the sanitation department turned out to do the impossible. But no one could control the weather, stop the cold winds which knifed through the streets and swooped up the avenues. One TV network provided all its crews on location with long underwear.

Moving around the streets, the impression was of a strangely apathetic crowd. But then, there's no satisfaction in clapping gloved hands (except to keep them warm), and as for cheers, most faces were muffled in woolen scarves. Only when President Kennedy rode by did the crowd unleash its enthusiasm. Though this too was not undiluted, as witness the comment of a distinguished grey-haired lady: "He looks a lot bigger than I think he's going to be."

PRISCILLA L. BUCKLEY

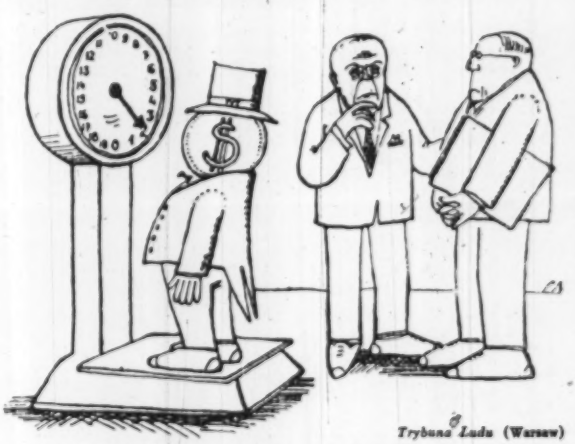
• Abroad •

Addis Ababa. The precise significance of the December revolt is still obscure, but the main lines seem to be these. Haile Selassie visited Russia in 1959. Since then Russian influence in Ethiopia has expanded rapidly. His policy shifted to a Moscow-pointing neutralism. A pro-Western faction, including persons educated in England and the United States along with many officers, became convinced that the eastward drift could be halted only by deposing Haile Selassie. A second, Communized-faction wanted to speed up and complete the alignment with Moscow. This second faction believed, rightly or wrongly, that the pro-Western group was about to act, and therefore felt compelled to stage a "preventive coup" while the Emperor was abroad. Confronted with this development, the pro-Western group felt compelled to join with Haile Selassie's personal supporters in order to beat back the pro-Communists. On this basis, Selassie was able to get back on his throne, from which he is now purging those of both factions whom he suspects of personal disloyalty. Moscow stayed officially aloof, and continues in close relation. Plans of the pro-Westerners have been disrupted. In the unstable aftermath, the eastward drift is likely to continue.

Prague. A report of the Council of the Prague National Committee, which has the job of liquidating private enterprise in the city, declares that 666 private businesses remained in 1960. Almost all of these were small trades and service shops: men's tailors (179), dressmakers (30), barbers (50), tobacco shops (47), laundries (33). Surprisingly, 85 doctors' offices were listed as operating privately; and five cab drivers. The assortment suggests that the new Communist elite does not choose to rely on nationalized industry to minister to its health, comfort and luxury.

Casablanca. French observers, with long experience in African affairs, have analyzed the results of the recent "African Summit Conference" called by King Mohammed V. They conclude that it was a total failure, and revealed both the deep divisions within Africa as a whole and the conflicting interests of the six participants (Morocco, UAR, Ghana, Guinea, Mali, Libya, plus Ferhat Abbas' rebel Algerian government—the GPRA—as observer). The nations of the French Community were absent, as were Liberia, Sudan, and Africa's largest nation, Nigeria. No common outlook or objective was shared by the six. Morocco wanted support for its claim to Mauretania. Guinea and Mali wanted to celebrate their new marriage; Libya to cover its continuing hospitality to U.S. air bases by a radical gesture; Ghana, to further Nkrumah's pan-African ambitions, in particular to advance his pro-Lumumba line in the Congo; the UAR, to promote anti-Israelism; Abbas, to get a total denunciation of France. The final communiqué was a hodgepodge, with little practical meaning. These observers believe the West would be well advised to pay less attention to the free-wheeling Nasser, Touré and Nkrumah, and orient themselves more toward the many African leaders, groups and nations that, in their estimate, genuinely seek a working accommodation with the West on the new non-colonial basis.

Pasajes, Spain. The ancient law of the sea is about to reward a half dozen Basque fishermen of this Guipuzcoa village for their spectacular catch. On Jan. 7, 1959 they came upon the British submarine *Virulent* drifting unmanned in the Bay of Biscay. In a storm it had broken away from a tug which was towing it to a shipyard for scrapping. They boarded, and brought it back home. After lengthy legal formalities, it has now been put up for auction, with an official valuation of 65 million pesetas (more than $1 million). The greater part of the sum realized will go to the salvaging fishermen.



Trybuna Ludu (Warsaw)

"No matter what we do, he keeps on losing weight."

Liege, Belgium. In most of Belgium the general strike has ended, but in the Walloon "socialist country"—Liege-Charleroi-Mons—sabotage, arson and personal violence, though by now without any conceivable economic justification, continue. This serves to clarify the real significance of the Belgian crisis, for which opposition to the government's mild austerity measures was at no time more than a handy excuse. Basically, the movement was not economic but political and revolutionary. Its revolutionary nature was expressed from the beginning by the violent and yet carefully organized tactics, the selection of targets (*e.g.*, banks, newspapers, government buildings), and the extremist rhetoric. There is reason to believe that a "nationalist" Walloon united front, now led by the socialist militant, André Renard, but stretching from the Socialists to the Communists, radical students, delinquents, and even some bourgeois circles, has set itself the objective of an independent, "liberated" Wallonia for which Fidel Castro's Cuba is taken as political model. It is hard to imagine an outlook more pleasing to the Kremlin than a Castrovian enclave in the heart of western Europe.

• The Investor •

Changing industry climate can spell opportunity for the investor, as we showed in the last column in regard to aircraft shares. The airline industry presents a similar investment opportunity. The past five years have brought airline shareholders little but woe. Some of the airline troubles have resulted from poor management at a time when a myriad of complexities required intensive staff research, prior to top management decision.

The Civil Aeronautics Board also began to harass the industry with its first general fare investigation at the very time when it desperately needed additional revenue to purchase new jet fleets.

The consequence of the CAB failure to allow airlines to achieve adequate earnings has been a financially-starved national air transport system, incapable of meeting either the nation's peacetime requirements or its far more critical needs in the event of a national emergency.

Fare increases granted by the CAB were endlessly delayed and were too little when they did come. Meanwhile, in an attempt to get some short route airlines off government subsidy, the CAB granted many additional franchises for the more profitable long-haul routes. Some routes which previously had two competitors, now have four or five. This impaired the financial health of the larger carrier, without putting the smaller carriers, such as Capital, on a sound financial basis.

Some years back, a number of investment trusts and other institutional investors acquired airline shares for their portfolios. Passenger air traffic had grown vigorously from year to year, furnishing the framework for growth companies and growth stocks. However, the airlines, badly-managed, heavily-regulated, did not produce the consistent upward trend in earnings expected. The institutions, disillusioned, dumped their airline stocks on the market a year or more ago and prices declined sharply.

But, the jet age could not be held back, even by an industry ill-prepared for it. Major insurance companies and banks, which recognized the ever increasing passenger traffic as a basic underlying strength, believed the nation's demands would in time change the CAB's regulatory approach and force improved management. They began providing money for jet airplane purchases.

Investors generally seem but dimly aware of the factors which have now created a radical change in climate for airline stocks. For the first time the airlines know what they are permitted to earn on investment capital, as established by a general fare investigation. The 10½% allowed major airlines is a realistic figure in line with the needs of a rapidly-growing business which must build capital to perform the job. This ceiling does not automatically assure that any airline will earn 10½%. But it holds major significance for the future.

Another factor which opens the way for translation of passenger traffic growth into earnings per share is the new jet equipment. Slow piston airplanes with relatively high direct-operating costs are being replaced by very fast turbine jets with sharply improved operating efficiency. On a seat-mile basis, these costs are 25% to 35% less than on piston planes. This fact has been obscured by the extremely heavy expenses involved in introducing jet equipment.

Training pilots for jet aircraft is expensive when one considers the pilots' flight pay, fuel costs, maintenance expense, airport fees, and the loss of planes from passenger service. Organizing maintenance bases, and training mechanics is costly and takes time. Breaking in the equipment in terms of gaining enough experience to warrant greater intervals between engine overhauls is a slow process and costly.

When the superior jet operating efficiency becomes apparent, it will reveal a most significant contribution to airline earnings. Every new jet introduced into a fleet creates heavy, non-recurring initial charges. These costs on a per plane basis diminish, but do not disappear, as what has been learned from the earlier ships is applied to the later acquisitions.

Today, loans to airlines for jets are up to the hilt, creating the most highly-leveraged common stock position in the past decade. Since the allowed 10½% return on invested capital includes borrowed capital, earnings on the currently thin equity permit per share earnings to rise very rapidly in relation to traffic increases.

Still another factor in the changed airline picture is the new CAB attitude toward mergers. Because of management shortsightedness, but also because of CAB route policies, Capital Airlines teeters on the edge of bankruptcy (as this is written). United Airlines has offered to merge with Capital. The CAB examiner says the Board is up against "the hard fact" that the only alternatives are merger or bankruptcy, and that of the two there can be no doubt that merger alone will serve the public interest.

With approval of the United-Capital merger, a whole train of other airline mergers will follow, doing away with much wasteful competition and uneconomic short route companies. Costs of service will be lowered and earnings per share boosted.

A recent CAB coach fare action should not be overlooked. Its favorable impact on airline earnings overshadows in importance the 5% general fare increases granted in July, 1960. Coach fares on long hauls recently averaged about 65% of first-class fares. Now they are 75% of first class fares.

A revolutionary change in climate does not immediately ensure excellent earnings for all airlines. But those which survive should achieve growing earnings. In the meantime, it will pay to select the very few quality airline stocks available whose earnings can be counted on to catapult in the next three years.

Winter earnings for airlines are characteristically bad, so the improving picture may not unfold at once. Informed selection plus patience should be highly rewarding.

NORVIN R. GREENE